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SUBJECT: OPPOSITION CONGRESSMAN'S DIALOGUE REALITY CHECK

Classified By: A/EcoPol Chief Brian Quigley for reasons 1.4 (b)(d)

¶1. (C) Summary: Despite public comments to the contrary, opposition Congressman Peter Maldonado told PolOff October 10 that a latest round of congressional talks regarding the draft constitution had "no chance of success." Although Maldonado backpedaled a bit, confirming that sectors of all political parties in Congress and the Vice President were in fact negotiating in good faith, he ultimately regarded the talks as a "public show." He said the opposition will try anything to postpone a vote on a constitutional referendum and the government is concerned about the timing of blockading congress. Maldonado said the government would simply wait a week before insisting on a vote, but not longer, as palace leadership fears a coming economic downturn will sap support for the government, and, by extension, its draft constitution. Highlighting divisions in the opposition, Maldonado said rival opposition party PODEMOS "must die" for critical errors in leadership, most notably the decision to convoke a recall referendum August 11 that ended up bolstering President Evo Morales. End Summary.

Optimistic Public Posture on Latest Round of Talks...

¶2. (U) Opposition Congressman Peter Maldonado (UN, La Paz) is one of the leaders of the latest push for a congressional dialogue on the controversial government-drafted constitution. He has made several glowingly optimistic public comments about the prospects that the Bolivian Congress can succeed to negotiate a government-opposition agreement on the draft constitution in the wake of failed talks earlier in October between the government and opposition prefects (governors).

Pessimistic Private Analysis: "No Chance of Success"

¶3. (C) Maldonado told PolOff privately October 10 that congressional negotiations have "almost no chance of success." Although he is trying to be "cautiously optimistic" that the talks could result in a breakthrough, Maldonado said his optimism is weighed down by "a great deal of reality." He said there is a sector of deputies in all parties genuinely working to broker a compromise, but feared that whatever progress they make will ultimately be overruled

by more radical and more powerful forces on both sides, specifically "the two big leaders" President Evo Morales and opposition-aligned Santa Cruz Prefect (governor) Ruben Costas. Maldonado said Vice President Alvaro Garcia Linera was leading MAS moderates in the congressional negotiations, but that the Vice President's dialogue initiatives had been squashed before by more powerful rivals and Morales himself. He opined the congressional attempt to avoid more violence had to be made, but, ultimately, like the prefect dialogue, is "mostly show."

Opposition: The Show Must Go On and On and On ...

14. (C) Maldonado said the opposition's negotiation strategy, particularly in PODEMOS circles, is "merely to buy time." He said if the opposition can postpone a congressional vote to convoke the constitutional referendum until November, the government would push the referendum date back to March, because "no government is going to convoke a referendum during Carnival" in February. With opposition prefects in disarray (or in jail), opposition congressmen felt that had nothing to lose by initiating yet another round of talks.

Why Evo and Company Are Playing Along

15. (C) Maldonado said outside of the Vice President and a handful of MAS congressmen, there is "no sincere desire to negotiate" by the government. "If the shoe were on the other foot, I wouldn't negotiate either. Why should they? They

are strong and holding all the cards." Maldonado explained the government is allowing the negotiations to continue and suspend their planned October 15 vote on the constitution only because they do not want to perceived, both internationally and domestically, as choosing confrontation over negotiation.

16. (C) The government is also playing along out of tactical concerns. The government does not want the blockade of opposition congressmen from the referendum convoking vote to occur this week because of the potential for the poor optics of such an event to be magnified by international soccer games October 12 and 14 (against Peru and Uruguay, respectively) and by the October 17-18 Unasur meeting in Cochabamba Department (state). According to Maldonado, the MAS will instead stretch its originally planned October 13-15 march/protest to the week of October 20 and simply wait until then to blockade congress and cast the vote. This will mitigate the bad press and still secure a January 25 recall referendum date.

Evo Racing to Pass Referendum Before Economic "Disaster"

17. (C) Maldonado suggested the MAS, against the wishes of some of its own members who want to open the draft constitution up for revisions, is hurrying to convoke a vote on the referendum because they are being pressured by palace advisors. Morales' inner circle, according to Maldonado, understands they need to ride the popular wave of Morales' August 10 recall victory before signs of economic implosion start to affect Evo supporters. "They know that now is the time to strike; they will never have better odds (to pass the constitution)." According to Maldonado, the MAS is also aware that an "economic disaster" is coming in 2009. He said inflation will continue to be a factor, but that this is overstressed by PODEMOS, as much of Evo's base are subsistence farmers insulated from the impact and the government can blame (with justification) global economic trends and the opposition. Maldonado was more concerned about a mounting wave of problems he predicts will manifest themselves in early 2009: rising gas prices (and the humiliation of importing refined gas from Chile); collapse of mineral prices combined with flight of foreign capital to invest in mining; and a dramatic downturn in remittances, as construction in Spain and around the world slows and Bolivian

construction workers are laid off. He added to this the impacts of ATPDEA, which will not "start hurting" until November, when it will become clear that the government's plan to open alternative markets "cannot make up for ATPDEA."

PODEMOS "Must Die"

18. (C) Maldonado say the UN is tired of suffering for the "poor decisions of PODEMOS," making specific reference to PODEMOS' endorsement of the August 10 recall referenda. "They said it was to postpone the constitutional (referendum) until 2009, and now what are we talking about? A referendum in January." He said whatever the outcome of the opposition-government standoff, PODEMOS needs to purge its leadership or step down from the national stage. When PolOff asked what party might replace them, Maldonado did not take the bait, instead saying "first PODEMOS must die, then we can talk about the future."

19. (C) When asked about the prospects that opposition prefects might not recognize a constitutional referendum or even attempt to block a vote in their departments, Maldonado said, "They are exhausted. They can't do such things anymore." He said despite Costas fiery rhetoric as recent as this week, he does not have the capacity and resources to sustain "defiance of (federal) government will. He used to be a tiger, now he's just a kitty cat." Maldonado noted that before the August 10 recall referenda the MAS had two prefects, "now they have five."

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